

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1894 – HB 2862

February 18, 2022

SUMMARY OF BILL: Creates a pilot program to provide continuous glucose monitors (GCMs) to each TennCare beneficiary with diabetes. Authorizes TennCare to seek a federal waiver in order to implement the program, which will take effect July 1, 2022 and terminate on June 30, 2025.

FISCAL IMPACT:

Increase State Expenditures – \$64,823,400/Each FY22-23 through FY24-25

Increase Federal Expenditures – \$126,682,200/Each FY22-23 through FY24-25

Assumptions:

- The average number of TennCare enrollees with a diabetes diagnoses over the past three years, who would be eligible for a continuous glucose monitor (CGM) under the proposed program, is 129,587. Of those, 3,587 already use CGMs, leaving 126,000 (129,587 – 3,587) individuals who could potentially benefit from the program.
- According to information gathered by the Division of TennCare's Managed Care Organizations, the average annual cost of a CGM and its related supplies, monitoring, and necessary provider visits is \$3,042 per year.
- It is assumed that 50 percent of the eligible population will enroll in the proposed program. Therefore, the annual cost will be \$191,646,000 [(126,000 x 50%) x \$3,042].
- Medicaid expenditures receive matching funds at a rate of 66.165 percent federal funds to 33.835 percent states funds. Of this amount, \$64,843,424 (\$191,646,000 x 33.835%) will be in state funds and \$126,682,156 (\$191,646,000 x 66.165%) will be in federal funds. Due to the effective date of July 1, 2022 and termination date of June 20, 2025, such recurring increases in expenditures will be incurred in FY22-23 through FY24-25.
- Medicare currently only covers GCMs as the primary payer for their population based on medical necessity; therefore, it does not pay for GCMs for all individuals with diabetes. For those with seeking a GCM who are covered by dual enrollment, TennCare would be responsible for covering the full cost as the secondary payer.
- The proposed legislation can be accomplished with existing staff within TennCare and will not create the need for any new positions.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- The proposed legislation will not significantly impact business revenue or expenditures.
Any impact on jobs in this state will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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